

AN EVALUATION OF THE CANADIAN MARKET FOR
INSURANCE DATA PROCESSING SERVICES

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FOR
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Prepared For:
INSCO SYSTEMS

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SEPTEMBER 1981

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ABSTRACT

This study evaluated the Canadian market for insurance data processing services. Over 50 insurance companies, brokers, and vendors were interviewed. Comparisons were made to the U.S. market based on earlier INPUT studies. Certain differences emerged, the key one being that there is still a sizable market for remote computer services to insurance companies in Canada.



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I INTRODUCTION

I INTRODUCTION

- For some time there has been concern that the data processing services offered by INSCO Canada would not be competitive in the future, since INSCO Canada offers what is basically a batch system.
- Upon completion of an evaluation of the INSCO U.S. position, INPUT was requested to conduct a somewhat similar study in Canada to identify:
 - Needs and plans of Canadian insurance companies.
 - The kinds of computer service products needed for INSCO Canada to remain competitive.
 - The options open to INSCO Canada.
 - In addition, the scope of the study included an examination of the Canadian brokerage demand for data processing services.
- Because many readers will be familiar with the U.S. market, this report has made comparisons and contrasts between the U.S. and Canadian insurance environment where it may be helpful.
 - INPUT's two previous U.S. studies for INSCO have been referenced for this purpose.

- INPUT followed its standard methodology:
 - Questionnaires were developed for:
 - . Insurance companies.
 - . Brokers.
 - . Vendors.
 - The questionnaires were reviewed with INSCO staff in both Toronto and Neptune. Copies of the questionnaires are in Appendix A.
 - Interviews were held with:
 - . Thirty-six Canadian insurance companies.
 - . Twelve Canadian brokers.
 - . Four vendors who target the Canadian market.
 - Twelve interviews were held on-site.
 - . These were especially helpful in understanding motivations and "getting behind the numbers."
 - Interviewees ranged from supervisor to executive vice president.
 - . All respondents were knowledgeable in their areas and quite frank.

II MANAGEMENT SUMMARY

II MANAGEMENT SUMMARY

A. RECOMMENDATIONS

- INPUT recommends that present INSCO Canada processing services be enhanced to offer on-line services, if the estimated time and costs are reasonable; this is necessary for two reasons:
 - To protect current revenues of approximately \$500,000; revenues will otherwise decline due to INSCO Canada's obsolescent batch-oriented products.
 - To keep INSCO Canada an important factor in the market until a processing product based on INSCO's new software can be introduced.
- Other alternative ways of preserving INSCO Canada's position, which are listed below, have serious flaws.
 - Acquire a product/company.
 - . Real Time Data Pro is the only realistic alternative.
 - . This would be a major step that could have significant implications on INSCO's total North American strategy; i.e., the migration to a new software product.

- Offer a PMS-based processing service.
 - . This would also negatively impact the introduction of new INSCO software.
- Offer services to brokers.
 - . The market is essentially saturated.
 - . Minicomputer-based systems are already well entrenched and will undoubtedly be even more competitive and attractive in the future.
- Offer services to noninsurance markets.
 - . INSCO Canada has no specialized expertise or image, outside of the insurance area, to draw upon.
 - . There are already a number of remote computing services, which are very well established and aggressive, serving the Canadian market.

B. BASIS FOR RECOMMENDATIONS

- In INPUT's earlier studies on the U.S. market for insurance computer services, the remote processing service sector did not appear to be a growth area.
- U.S. companies had negative views toward processing services and most companies using processing services were planning to switch to in-house systems.

- However, the Canadian market is unlike the U.S. market in certain key respects:
 - Fewer changes are foreseen in data processing sources.
 - There is relatively more use of service bureaus and relatively less in-house processing.
 - Most current service bureau users prefer them to in-house or vendor software.
 - Therefore, erosion of service bureau users should be moderate in the medium term.
- Other key factors are in line with U.S. experience.
 - There is a preference for on-line systems (although Canadian companies are somewhat behind their U.S. counterparts in having on-line systems).
 - The goal of most companies is to automate all lines and all functions.
 - PMS is heavily represented in the Canadian market (24 customers with over one-half of the premium volume).
 - However, there is significant dissatisfaction among PMS customers.
- Exhibit II-1 summarizes the similarities and differences between the U.S. and Canadian markets for computer services to insurance companies.

EXHIBIT II-1

COMPARISON OF U.S. AND CANADIAN INSURANCE MARKETS

FACTOR	SIMILARITIES	DIFFERENCES
On-Line Systems	<ul style="list-style-type: none"> ● Want to Increase Use 	<ul style="list-style-type: none"> ● Canada Somewhat Further Behind in Usage
Service Bureau Position	<ul style="list-style-type: none"> ● None 	<ul style="list-style-type: none"> ● Canadian Use and Opinion Higher ● Most Canadian Service Bureau Users Plan to Continue Use
PMS Position	<ul style="list-style-type: none"> ● Leading Software Firm 	<ul style="list-style-type: none"> ● Less Satisfaction in Canada
Company Data Processing Goals	<ul style="list-style-type: none"> ● Automate All Lines and Functions 	<ul style="list-style-type: none"> ● More U.S. Companies Believe Data Processing Could Help Insurance Business
Data Processing Trends Foreseen	<ul style="list-style-type: none"> ● Increased Automation, On-Line Systems and DDP 	<ul style="list-style-type: none"> ● None
Satisfaction with Data Processing	<ul style="list-style-type: none"> ● Medium 	<ul style="list-style-type: none"> ● N/A
INSCO Position	<ul style="list-style-type: none"> ● Obsolescent Product 	<ul style="list-style-type: none"> ● Service Bureau Products have at Least a Medium-Term Future in Canada

III THE CANADIAN INSURANCE COMPANY MARKET

III THE CANADIAN INSURANCE COMPANY MARKET

A. OVERALL CHARACTERISTICS

- There are approximately 252 insurance companies writing property/casualty business in Canada, as shown in Exhibit III-1.
 - Over half write less than \$7 million (net) premiums annually.
 - Only 45 write over \$26 million.
 - A \$100 million company is a very large company by Canadian standards.
- Over 40% of total companies are either U.S. companies or are Canadian-domiciled members of a U.S. group.
 - This is important since, in a number of critical respects, U.S. companies appear to be different from other companies, which include Canadian, British, and other foreign companies.
- The premiums written are, not surprisingly, concentrated among the larger companies, as shown in Exhibit III-2.
 - The 141 small companies write, on the average, less than \$2 million each.

EXHIBIT III-1

NUMBER OF CANADIAN COMPANIES BY SIZE AND NATIONALITY

COMPANY SIZE* (\$ millions)	NATIONALITY		
	U.S.	OTHER	TOTAL
Under \$7	69	72	141
\$7-25	23	43	66
\$26 and Over	15	30	45
Total	107	145	252

*DIRECT PREMIUMS

SOURCE: 1979 REPORT OF THE SUPERINTENDENT OF INSURANCE FOR CANADA

EXHIBIT III-2

NET PREMIUMS IN CANADA BY COMPANY SIZE AND NATIONALITY (\$ millions, Canadian)

COMPANY SIZE (\$ millions)	NATIONALITY		
	U.S.	OTHER	TOTAL
Under \$7	\$ 88	\$ 147	\$ 235
\$7-25	269	551	820
\$26 and Over	831	2,497	3,328
Total	\$1,188	\$3,195	\$4,383

SOURCE: 1979 REPORT OF THE SUPERINTENDENT OF INSURANCE FOR CANADA

- The 950 U.S. companies between \$2 and \$100 million wrote \$19 billion in premiums, as shown in Exhibit III-3.
 - The Canadian companies wrote \$4.3 billion, as shown in Exhibit III-2.
- INPUT interviewed 36 insurance companies in Canada, as shown in Exhibit III-4.
 - The sample was intentionally skewed to include more of the larger companies, reflecting their larger premium production and their greater desirability as customers.
 - The split between U.S. and other companies was roughly the same as that shown in Exhibit III-1.
 - For specific companies interviewed see Appendix B.
- On the whole there is less regulation in Canada, although in certain provinces some personal auto coverage has been preempted by the government.
 - The workers compensation function has also been preempted by government on a federal basis.
- As a function of size and the lack of regulatory constraints, many Canadian companies are composite companies; i.e., they may be involved in life, accident, and/or reinsurance as well as property/casualty.
 - This is undoubtedly helpful from the standpoint of cushioning companies against fluctuations in the property/casualty cycle.
 - However, it may also tend to make operational and support functions less focused within individual companies, since there is so much more ground to cover.

EXHIBIT III-3

TARGET UNITED STATES COMPANIES BY SIZE (1978 DATA)

SIZE RANGE DIRECT PREMIUMS (\$ millions)	NUMBER OF COMPANIES*	AVERAGE SIZE DIRECT PREMIUMS - (\$ millions)	TOTAL PREMIUM VOLUME (\$ billions)
\$2-3.9	150	\$2.5	\$ 375
\$4-9.9	260	6	1,560
\$10-24.9	270	16	4,320
\$25-99.9	270	50	13,500
TOTAL	950	-	\$19,755

*NOT AGGREGATED BY GROUP.

SOURCE: INPUT ESTIMATES BASED ON INSCO BEST REPORT LH42-612.

EXHIBIT III-4

NUMBER OF COMPANIES IN
CANADIAN STUDY SAMPLE

COMPANY SIZE (\$ millions)	NATIONALITY		
	U.S.	OTHER	TOTAL
Under \$7	4	6	10
\$7-25	4	8	12
\$26 and Over	4	10	14
Total	12	24	36

- It certainly seems to have the effect of further fragmenting already small data processing departments.
- Companies within Canada are usually not part of a group that is itself within Canada.
 - Instead, where a company is part of a group, the group would usually be international, based in the U.S., Britain, or another country.
 - However, because of distance, the British and other foreign groups operate more like independent Canadian companies than do U.S.-based companies.

B. CANADIAN COMPANY DATA PROCESSING USE

I. TYPE OF PROCESSING

- Over one-half of Canadian companies are using on-line systems, as shown in Exhibit III-5.
 - U.S. companies in Canada are somewhat more backward than other companies, with consistently more batch systems and fewer on-line systems.
 - Several U.S. companies in Canada ascribed this to an intent on the part of U.S. management to keep the U.S. companies' Canadian operations "barefoot and pregnant" (in the words of one respondent).

EXHIBIT III-5

INTERVIEWED CANADIAN COMPANIES'
CURRENT TYPES OF PROCESSING*
(percent)

TYPE OF PROCESSING	COMPANY NATIONALITY		
	U.S. COMPANIES	NON-U.S. COMPANIES**	ALL COMPANIES**
Batch	58%	30%	44%
Remote Job Entry (RJE)	33	30	31
On-Line	42	60	53

*VERTICAL TOTALS ARE MORE THAN 100% BECAUSE OF MULTIPLE SOURCING

**NUMBER OF RESPONDENTS = 32 (FOUR INSCO CLIENTS NOT INCLUDED)

NOTE: IN SEVERAL TABULATIONS, SUCH AS THIS ONE, THE INSCO CLIENTS ARE NOT INCLUDED SINCE THEY WERE INTENTIONALLY INCLUDED IN THE SAMPLE AND THEIR CHARACTERISTICS WERE KNOWN IN ADVANCE. SINCE THIS TABLE TRIES TO PROJECT RESULTS ACROSS ALL COMPANIES, TO INCLUDE THE INSCO COMPANIES WOULD SKEW THE RESULTS.

- . However, for the most part any backwardness appears to be because the U.S. Canadian operations are, to the U.S. parent, a fairly small branch. If anything, the Canadian branches probably fare better than other branches in the U.S.
- Examining the extent of on-line processing in more detail, as shown in Exhibit III-6, there is a pronounced tendency for non-U.S. companies to become more automated the larger they become.
 - Probably because of the small sample size within each cell, the relationships on the part of U.S. companies in Canada are not so clear.
- The situation in the case of companies in the U.S. is somewhat different, as shown in Exhibit III-7.
 - Somewhat more companies in the U.S. are using on-line systems on the average than Canadian companies.
 - . However, there was more automation among the smaller companies interviewed.
 - In the case of companies in the U.S., this inverse relationship with size appeared to have been caused by the larger companies being less flexible and taking longer to implement on-line systems.
 - It should also be noted that very few companies under \$7 million were interviewed in either U.S. study, so that it is quite possible that they would show similar characteristics to Canadian companies.

2. SOFTWARE SOURCE

- Software developed in-house is used by two-thirds of the companies interviewed, as shown in Exhibit III-8.

EXHIBIT III-6

PERCENT OF INTERVIEWED CANADIAN
COMPANIES NOW ON-LINE

COMPANY SIZE (\$ millions)	NATIONALITY		
	U.S.	NON-U.S.	TOTAL
Under \$7	50%	40%	44%
\$7-25	25	60	44
\$26 and Over	50	70	64
Average	42%	60%	53%

NUMBER OF RESPONDENTS = 32

EXHIBIT III-7

PERCENT OF U.S. RESPONDENTS
USING ON-LINE SYSTEMS

COMPANY SIZE (\$ millions)*	PERCENT ON-LINE**
Under \$24.9	92%
\$25-74.9	70
\$75-149.9	77
\$150-500	69
ALL COMPANIES	78%

*SIZED BY GROUP

**MOST COMPANIES STILL HAVE BATCH/RJE SYSTEMS ALSO

EXHIBIT III-8

INTERVIEWED CANADIAN COMPANIES'
CURRENT SOFTWARE SOURCES*
(percent)

SOFTWARE SOURCE	COMPANY NATIONALITY		
	U.S. COMPANIES	NON-U.S. COMPANIES**	ALL COMPANIES**
In-House	42%	80%	66%
Vendor	42	50	47
Parent	42	0	16

*VERTICAL TOTALS ARE MORE THAN 100% BECAUSE OF MULTIPLE SOURCING

**NUMBER OF RESPONDENTS = 32 (FOUR INSCO CLIENTS NOT INCLUDED)

- Vendor-supplied software is important, with almost half of the companies using it.
- Not surprisingly, U.S. companies in Canada are much less inclined than non-U.S. companies to use software that they themselves developed.
 - The percent of in-house development for U.S. companies is the same as the percent of software developed by the parent.
- The situation in the United States, as shown in Exhibit III-9, appears to be fairly similar to the Canadian situation with somewhat more use of in-house software by U.S. companies and, especially, smaller companies.

3. PROCESSING SOURCE

- In-house processing is the most prevalent source of processing by both U.S. and non-U.S. companies, as shown in Exhibit III-10.
 - However, U.S. companies are equally as likely to use the resources of their parent company in the U.S. as their own in-house development.
 - Non-U.S. companies do not usually have parent companies.
- Service bureau use is relatively high at about one-half the rate of in-house processing.
 - Service bureau use is somewhat lower and in-house processing is somewhat higher in the U.S. than in Canada, as shown in Exhibit III-11.

EXHIBIT III-9

U.S. COMPANIES' CURRENT AUTOMATION SOURCE

COMPANY SIZE* (\$ millions)	SOURCE OF SOFTWARE** (percent of respondents)				
	IN-HOUSE	PMS/ISA	OTHER VENDOR SOFTWARE	SERVICE BUREAU	AFFILIATED COMPANY
Under \$24.9	87%	7%	-	13%	-
\$25-74.9	90	20	20%	10	10%
\$75-149.9	80	70	-	13	13
\$150-500	70	54	10	10	10
Average All Sizes	82%	38%	6%	12%	8%

* SIZED BY GROUP.

** TOTAL MORE THAN 100% BECAUSE OF MULTIPLE SOURCES OF AUTOMATION

EXHIBIT III-10

INTERVIEWED CANADIAN COMPANIES'
CURRENT PROCESSING SOURCE*
(percent)

PROCESSING SOURCE	COMPANY NATIONALITY		
	U.S. COMPANIES	NON-U.S. COMPANIES **	ALL COMPANIES **
In-House	58%	65%	63%
Service Bureau	25	40	34
Parent Company	50	20	31

*VERTICAL TOTALS ARE MORE THAN 100% BECAUSE OF MULTIPLE SOURCING

**NUMBER OF RESPONDENTS = 32 (FOUR INSCO CLIENTS NOT INCLUDED)

EXHIBIT III-11

IN-HOUSE AND SERVICE BUREAU
PROCESSING IN THE U.S. AND CANADA

COUNTRY	PERCENT OF RESPONDENTS USING	
	IN-HOUSE PROCESSING	SERVICE BUREAU
Canada	63%	34%
U.S.	80	25

C. CANADIAN COMPANY PLANS

- Almost three-fourths of Canadian companies expect to be on-line in three years, as shown in Exhibit III-12.
 - This represents an increase of almost one-third over present levels (see Exhibit III-6).
 - This will bring Canadian companies close to the current level of companies in the U.S. (see Exhibit III-7).
 - The gap between U.S. and non-U.S. companies in Canada will also be virtually closed.
 - This largely represents group-wide plans affecting the U.S. companies in Canada.
- Two-thirds of Canadian companies interviewed expect to be completely automated in all lines and functions in 1983, as shown in Exhibit III-13.
 - This is close to, but somewhat lower than, the expectations in U.S. companies, as shown in Exhibit III-14.

D. TRENDS FORESEEN

- Many of those interviewed did not appear to take a broad view of the insurance industry, its problems, and how data processing could assist in solving them.
 - When asked to consider the Canadian insurance industry's problems and how data processing might help, most respondents gave answers which

EXHIBIT III-12

PERCENT OF CANADIAN COMPANIES EXPECTING
TO BE ON-LINE IN THREE YEARS

COMPANY SIZE (\$ millions)	NATIONALITY		
	U.S.	OTHER	TOTAL
Under \$7	75%	50%	60%
\$7-25	50	63	58
\$26 and Over	75	100	93
Average	67%	75%	72%

EXHIBIT III-13

PROPORTION OF CANADIAN RESPONDENTS
EXPECTING COMPLETE AUTOMATION IN
LINES AND FUNCTIONS BY 1983
(percent)

COMPANY SIZE (\$ millions)	NATIONALITY		
	U.S.	OTHER	TOTAL
Under \$7	75%	33%	50%
\$7-25	50	63	58
\$26 and Over	75	90	86
Average	67%	67%	67%

EXHIBIT III-14

PROPORTION OF U.S. RESPONDENTS EXPECTING COMPLETE
AUTOMATION IN LINES AND FUNCTIONS BY 1983

COMPANY SIZE* (\$ millions)	LINES	FUNCTIONS
Under \$24.9	86%	86%
\$25-74.9	80	90
\$75-149.9	92	92
\$150-500	67	83
Average	82%	88%

* SIZED BY GROUP

reflected parochial data processing considerations, as shown in Exhibit III-15.

- U.S. respondents to the same question had, on the other hand, often taken a much broader view, discussing such things as regulation, the underwriting cycle, agency versus direct writing companies, costs, etc.

- . While few had immediate solutions, many had obviously given the question considerable thought.

- One reason for this apparent lack of concern may lie in the small size and composite nature of the companies interviewed: they just were not in a position to consider such questions.

- Related to this was the tendency on the part of many respondents to view data processing questions as technical issues.

- . This puts many of them in the "tool," rather than "results," stage of data processing.

- The trends in insurance data processing, as foreseen by respondents, can be summarized as "more," as shown in Exhibit III-16.

- It closely parallels the response by U.S. companies of similar size, as shown in Exhibit III-17.

- It is interesting that while over one-third saw DDP/field office automation as a trend, relatively few were planning to set up teleprocessing links to brokers or agents in the next three years, as shown in Exhibit III-18.

EXHIBIT III-15

PROBLEMS FACED BY
CANADIAN INSURANCE COMPANIES

PROBLEMS	NUMBER OF RESPONDENTS
Meeting User Needs	7
Personnel	4
Software	3
Maintenance	3
Lack of Standardization	3
Costs	3
Other ("Parent Company," Educating Users/Management, Government Control)	6
None	11

EXHIBIT III-16

TRENDS FORESEEN IN INSURANCE DATA PROCESSING BY CANADIAN COMPANIES

TREND	PERCENT OF COMPANIES*
More Automation	33%
On-Line Systems	17
DDP/Field Office Automation	36
More Use of Vendors, Packages	19
Other	19
None	11

*TOTALS MORE THAN 100% DUE TO MULTIPLE RESPONSES.

EXHIBIT III-17

TRENDS FORESEEN IN U.S. INSURANCE DATA PROCESSING

TREND	PERCENT OF COMPANIES*
More Automation	22%
On-Line Systems	26
DDP/Field Office Automation	36
Other	12
None	14

* TOTALS MORE THAN 100% DUE TO MULTIPLE RESPONSES.

EXHIBIT III-18

TELEPROCESSING LINKS WITH BROKERS OR AGENTS
(CANADIAN COMPANIES)

LINK	PERCENT OF COMPANIES
Now	6%
In Three Years	11
Plans Unclear	17
No Plans	66
Total	100%

E. ATTITUDES TOWARD DATA PROCESSING

- Current satisfaction of Canadian companies with data processing is, on the whole, medium, as shown in Exhibit III-19.
 - Medium-sized Canadian companies appear to be somewhat less satisfied, but not appreciably so.
 - The satisfaction of companies in the U.S. was marginally higher, as shown in Exhibit III-20.
- Canadian opinions clustered quite tightly around "medium" on in-house, service bureau, and packaged software alternatives, as shown in Exhibit III-21.
 - This applied to the individual criteria as well as to the overall average rating.
 - Surprisingly (in view of U.S. findings) attitudes toward service bureaus were, if anything, the most favorable.
- U.S. attitudes were distributed over a wider range, with smaller companies rating in-house software much more positively than large companies and all size of companies preferring in-house to vendor software, as shown in Exhibits III-22 and III-23.
 - Canadian company attitudes did not vary appreciably between company size or nationality.
- To a certain extent, this clustering about the midpoint reflects no strong feelings either way, as well as moderate satisfaction.
 - In some interviews it was evident that respondents had not given alternatives much thought.

EXHIBIT III-19

CANADIAN COMPANIES' SATISFACTION WITH CURRENT DATA PROCESSING

COMPANY SIZE (\$ millions)	NATIONALITY		
	U.S.	OTHER	TOTAL
Under \$7	3.8	2.9	3.1
\$7-25	2.5	2.7	2.6
\$26 and Over	3.1	3.3	3.3
Average	3.1	3.0	3.0

RATING: 1 = LOW, 3 = MEDIUM, 5 = HIGH

EXHIBIT III-20

U.S. COMPANIES' SATISFACTION WITH AUTOMATION

COMPANY SIZE* (\$ millions)	SATISFACTION**
Under \$24.9	3.5
\$25-74.9	3.6
\$75-149.9	3.8
\$150-500	3.5
Total	3.6

* SIZED BY GROUP.

† * 1 = LOW, 3 = MEDIUM, 5 = HIGH

EXHIBIT III-21

CANADIAN OPINIONS ON SERVICE ALTERNATIVES

CRITERIA	SOURCE		
	IN-HOUSE	SERVICE BUREAU	VENDOR PACKAGE
● Implementation			
- Speed	2.7	3.3	3.0
- Ease	2.6	3.4	3.0
● Meets Needs	3.5	3.1	2.6
● Reliability	3.1	3.1	3.0
● Conversion Effort	2.8	3.0	2.7
● Maintenance Ease	2.7	3.4	2.7
● Change			
- Ease	3.1	3.1	2.5
- Speed	3.1	3.0	2.5
● Support	2.5	3.3	2.8
● Cost	2.7	3.1	2.8
● Average	2.9	3.2	2.8

RATING: 1 = LOW, 3 = MEDIUM, 5 = HIGH

EXHIBIT III-22

U.S. RESPONDENTS' RATING OF IN-HOUSE SOFTWARE

CRITERIA	COMPANY SIZE* (\$ millions)				
	UNDER \$24.9	\$25-74.9	\$75-149.9	\$150-500	ALL COMPANIES
Speed of Implementation	3.4	3.2	2.8	2.3	2.9
Ease of Implementation	3.4	3.3	2.8	2.3	3.0
Ability to Meet Company Requirements	4.4	4.3	4.0	3.8	4.1
Reliability	4.4	3.8	3.4	2.8	3.6
Conversion Effort	3.1	3.8	3.0	2.3	3.1
Maintenance Effort	3.4	3.6	3.0	2.4	3.1
Ability to Make Change Easily	4.1	4.1	3.6	3.1	3.7
Speed of Changes	4.1	3.6	3.6	3.3	3.7
Support Effort	4.0	3.5	3.2	2.4	3.3
Cost	3.7	3.3	3.0	2.5	3.1
Overall Rating	3.8	3.6	3.2	2.7	3.4

* SIZED BY GROUP

RATING: 1 = LOW, 3 = MEDIUM, 5 = HIGH

EXHIBIT III-23

U.S. RESPONDENTS' RATING OF VENDOR SOFTWARE

CRITERIA	COMPANY SIZE* (\$ millions)				
	UNDER \$24.9	\$25-74.9	\$75-149.9	\$150-500	ALL COMPANIES
Speed of Implementation	3.1	2.8	3.3	4.1	3.3
Ease of Implementation	3.0	3.2	3.2	3.8	3.3
Ability to Meet Company Requirements	2.5	2.4	2.7	3.4	2.8
Reliability	3.3	3.3	3.1	3.3	3.3
Conversion Effort	2.9	2.8	2.9	3.1	2.9
Maintenance Effort	3.2	2.7	3.1	3.6	2.5
Ability to Make Change Easily	3.1	2.3	2.9	3.0	2.8
Speed of Changes	3.1	2.1	2.9	3.0	3.1
Support Effort	2.9	2.7	3.1	3.4	3.0
Cost	2.5	2.4	3.1	3.9	3.0
Overall Rating	3.0	2.7	3.0	3.5	3.0

* SIZED BY GROUP

RATING: 1 = LOW, 3 = MEDIUM, 5 = HIGH

- This was rarely, if ever, true in U.S. interviews.
- The same lack of opinion (or failure to express it) can be seen in the charting of motivators toward the three sources of automation which are service bureaus, in-house software, and vendor software.
 - These are shown in Exhibits III-24, III-25, and III-26.
 - Respondents averaged a little over one positive or negative observation each about an automation source.
 - U.S. respondents to the identical question averaged over two and one-half observations per automation source.
- Apart from the intensity of the observations, the difference between the U.S. and Canadian respondents was relatively small, as seen in the U.S. attitudes in Exhibits III-27 and III-28.
 - U.S. companies were not asked to rate service bureaus, in light of the very low ratings in the first U.S. survey.
 - In-house software was seen as giving more flexibility and control, while being less convenient, while the reverse was true of vendor software.
 - Service bureaus were seen by Canadian companies as having the positive features of vendor software (convenience, maintenance) and negative features as well (control).
 - It is somewhat surprising, in view of the poor reputation of PMS in Canada, that only vendor software received more positive than negative responses.
- A very significant finding is the positive feelings that most Canadian companies have toward their present form of software.

EXHIBIT III-24

CANADIAN COMPANIES' ATTITUDES
TOWARD SERVICE BUREAUS

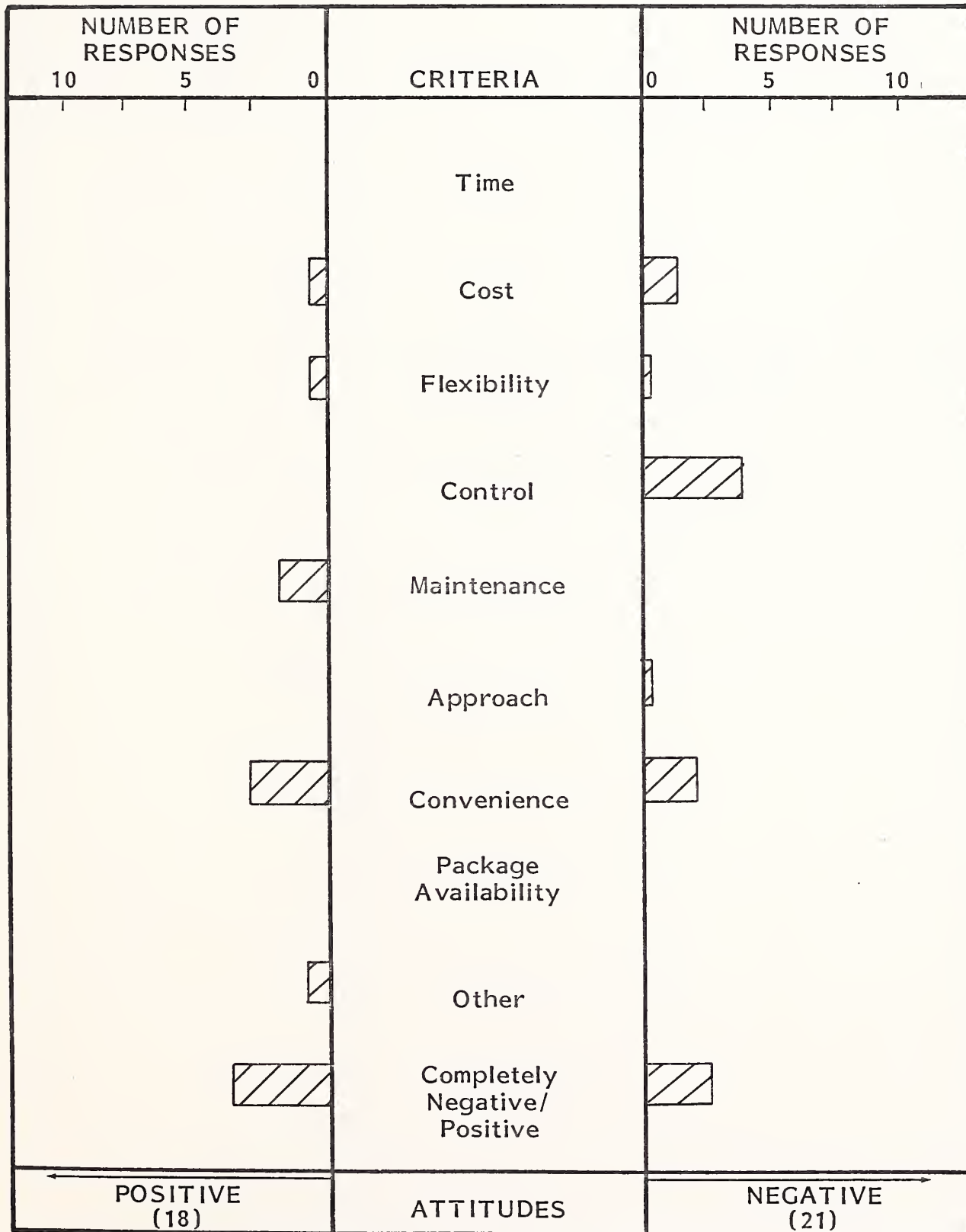


EXHIBIT III-25

CANADIAN COMPANIES' ATTITUDES TOWARD SOFTWARE DEVELOPED IN-HOUSE

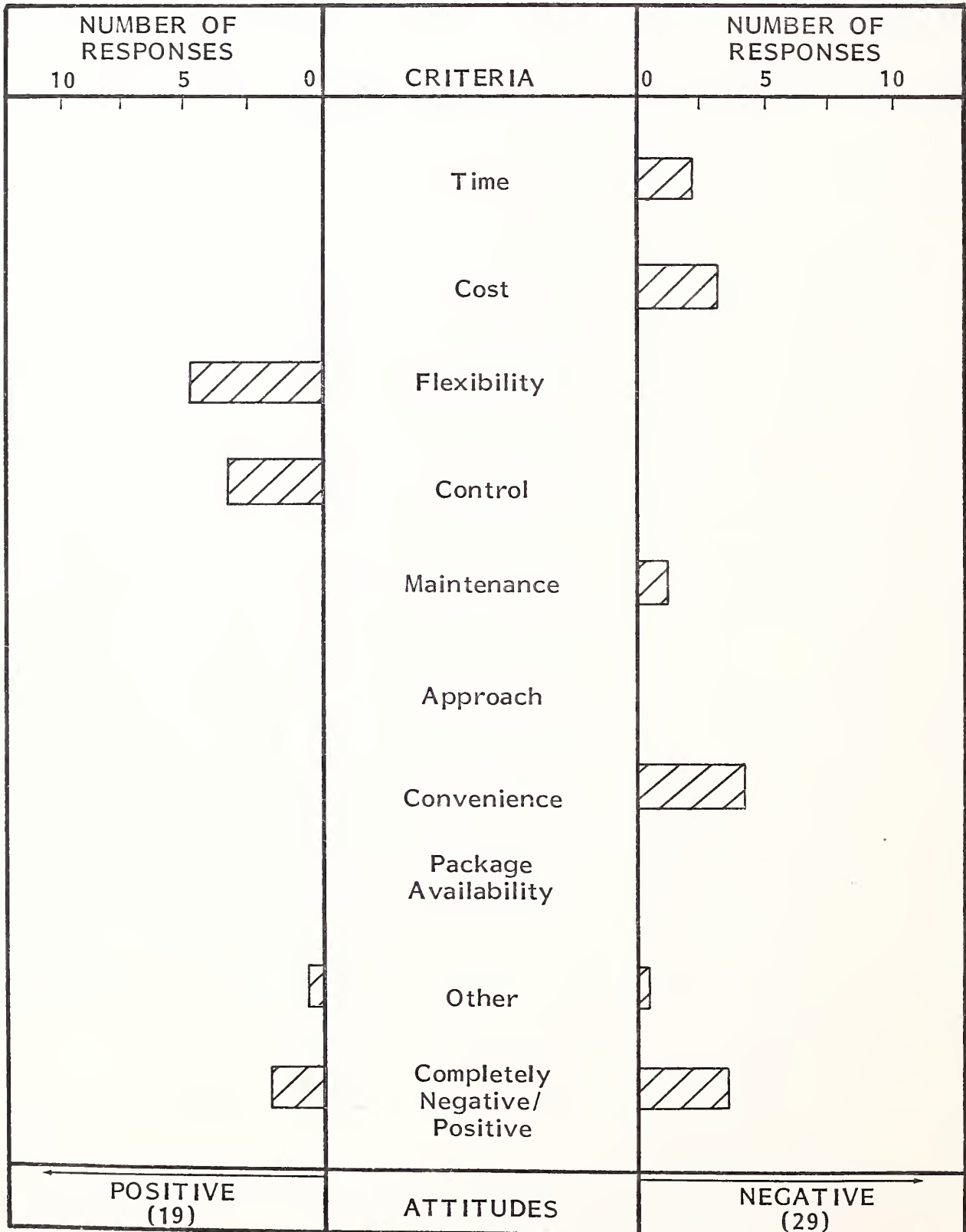


EXHIBIT III-26

CANADIAN COMPANIES' ATTITUDES
TOWARD VENDOR SOFTWARE

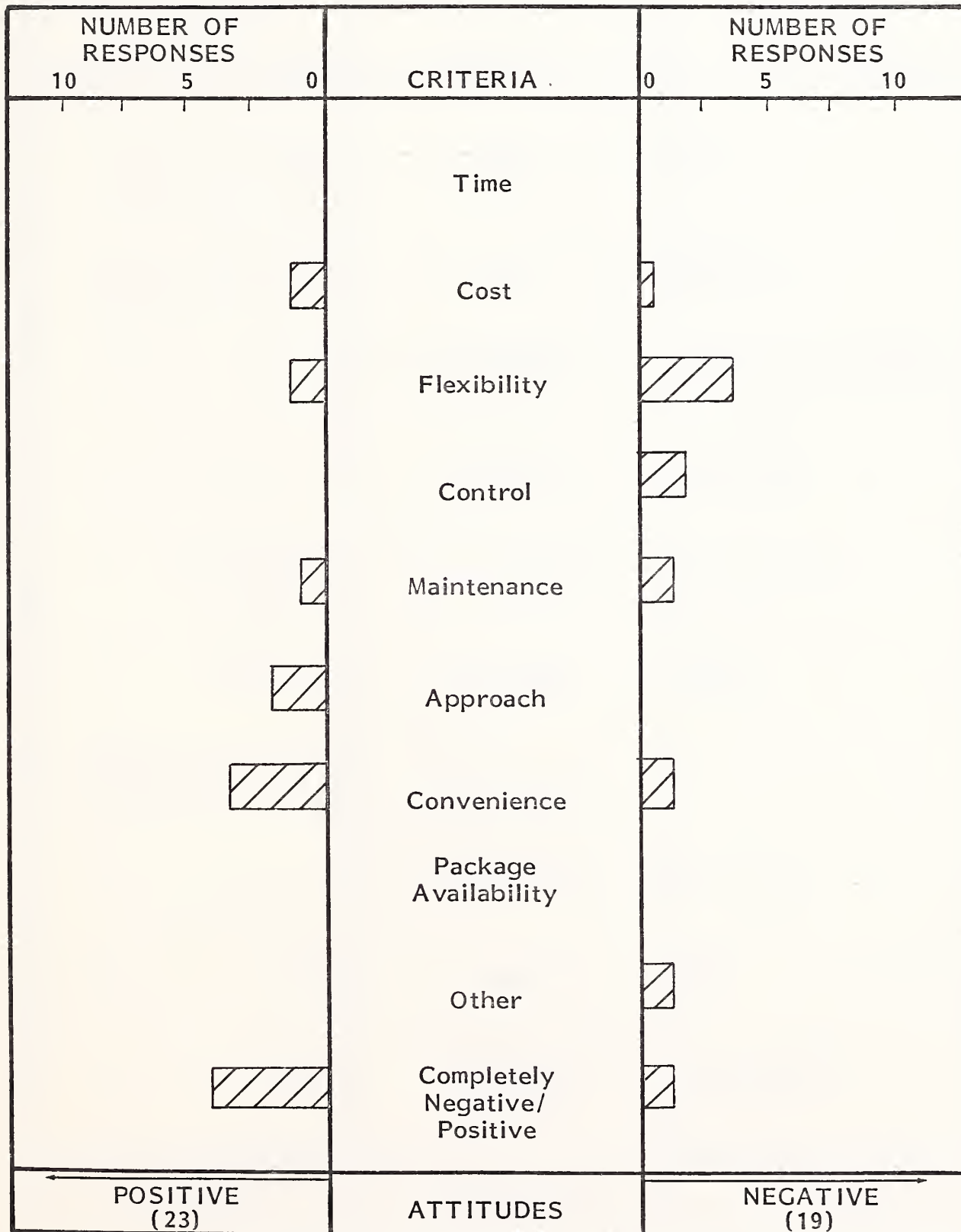


EXHIBIT III-27

U.S. COMPANIES' ATTITUDES TOWARD SOFTWARE DEVELOPED IN-HOUSE

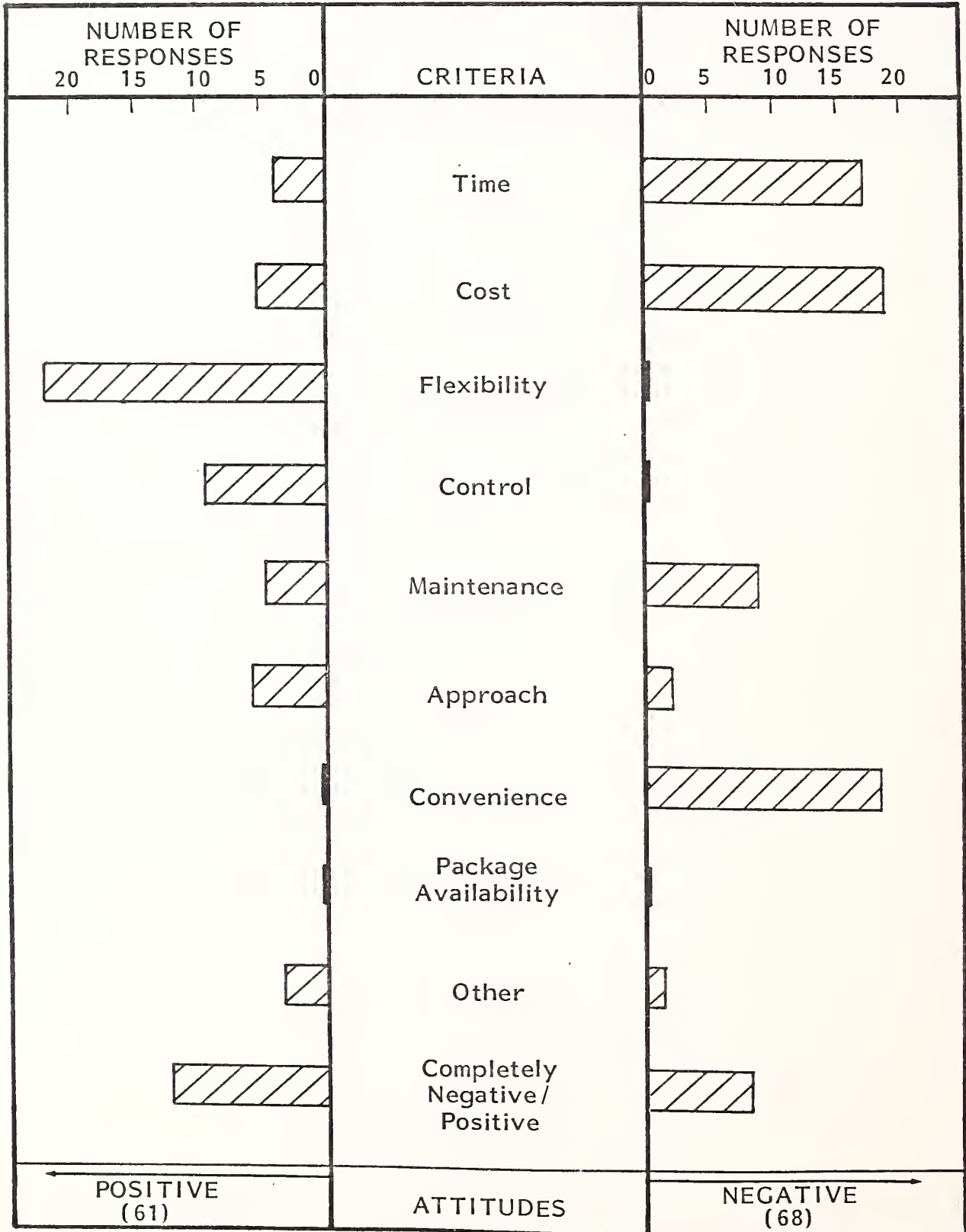
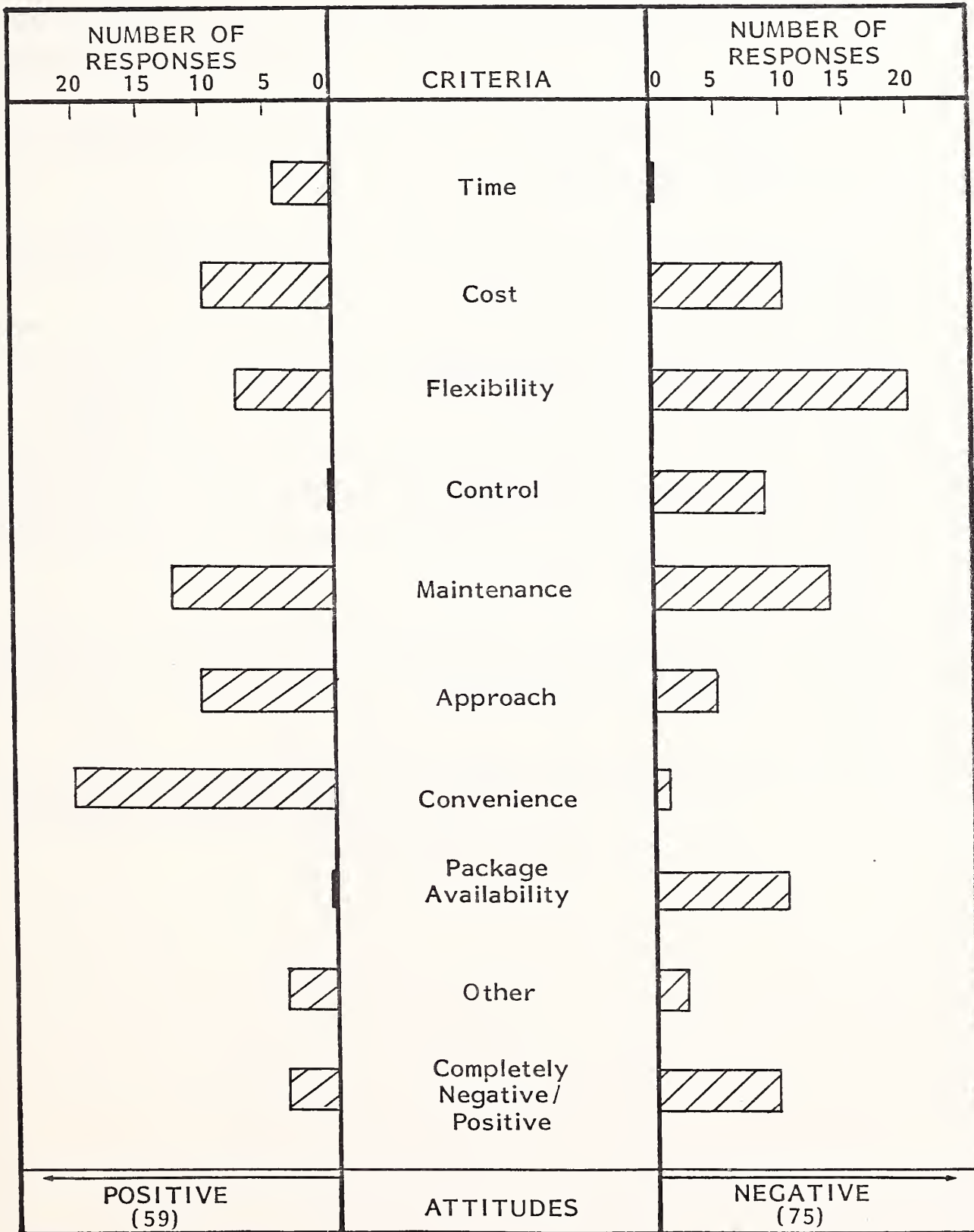


EXHIBIT III-28

U.S. COMPANIES' ATTITUDES TOWARD
VENDOR SOFTWARE



- Those using a service bureau prefer a service bureau to going in-house, as shown in Exhibit III-29.
 - . This preference is overwhelming if the companies that are buying raw time to run nonservice bureau software are excluded.
- On the other hand those now running in-house have an equally small interest in going outside.
- The results are striking when attitudes toward vendor software packages are explored, as shown in Exhibit III-30.
 - Those who had software packages preferred them to in-house software and vice versa.
 - What is most striking, however, are those who were loyal to service bureaus even though the question as stated did not allow for service bureau as an alternative.
 - . That is, these service bureau users would not even consider a hypothetical alternative.
 - . This is in stark contrast to the U.S. where no respondent (even those using service bureaus) could find anything good to say about them, as shown in Exhibit III-31.

EXHIBIT III-29

CANADIAN COMPANIES' ATTITUDES TOWARD SERVICE BUREAUS

COMPANY NOW USES SERVICE BUREAU?	NUMBER OF COMPANIES PREFERRING			
	IN-HOUSE	SERVICE BUREAU	DON'T KNOW	TOTAL
Yes	5*	11	0	16
No	18	1	1	20
Total	23	12	1	36

*THREE ARE PRIMARILY RAW TIME

EXHIBIT III-30

CANADIAN COMPANIES' ATTITUDES
TOWARD SOFTWARE PACKAGES

COMPANY NOW HAS PACKAGE?	NUMBER OF COMPANIES PREFERRING				
	IN-HOUSE	SOFTWARE PACKAGE	SERVICE BUREAU	DON'T KNOW	TOTAL
Yes	3	8	0	0	11
No	13	2	8	2	25
Total	16	10	8	2	36

EXHIBIT III-31

U.S. COMPANIES' ATTITUDES TOWARD DIFFERENT SOURCES OF AUTOMATION

TYPE OF SYSTEM	ATTITUDES (percent)		
	POSITIVE	NEGATIVE	NEUTRAL/ NONE
Manual Systems	7%	50%	43%
In-House Hardware	83	3	14
In-House Developed Software	70	10	20
Vendor Processing Service	0	47	53
Vendor (Insurance) Software	27	37	36
Turnkey Systems	7	40	53

NOTE: 30 RESPONDENTS

IV THE CANADIAN INSURANCE COMPANY MARKET
FOR DATA PROCESSING SERVICES

IV THE CANADIAN INSURANCE COMPANY MARKET FOR DATA PROCESSING SERVICES

A. SUPPLIERS

- In Chapter III, the sources of data processing were broken out between U.S. and non-U.S. companies.
 - Another way of looking at the data is to break it out by company size, as shown in Exhibit IV-1.
 - While almost all the larger companies have at least some in-house capability, it is important to note that they are also the largest users of service bureaus.
- The use of affiliated companies declines with size.

I. SOFTWARE

- There is no question that PMS is strongly established in Canada, measured not so much by the number of companies, as shown in Exhibit IV-2, but by the size of companies, as shown in Exhibit IV-3.

EXHIBIT IV-1

CANADIAN RESPONDENTS' SOURCES OF DATA PROCESSING

COMPANY SIZE* (\$ millions)	NUMBER OF COMPANIES USING		
	IN-HOUSE	AFFILIATED COMPANY	SERVICE BUREAU
Under \$7 (10)	3 (30%)	4 (40%)	3 (30%)
\$7-25 (10)	6 (60%)	3 (30%)	3 (30%)
\$26 and Over (12)	11 (92%)	3 (25%)	5 (42%)
Total (32)	20 (63%)	10 (31%)	11 (34%)

*NUMBER OF COMPANIES IN PARENTHESES, INSCO CUSTOMERS OMITTED.

EXHIBIT IV-2

PMS CANADIAN CUSTOMERS -
NUMBER OF COMPANIES

COMPANY SIZE* (\$ millions)	NATIONALITY		
	U.S.	OTHER	TOTAL
Under \$7	0	0	0
\$7-25	0	3	3
\$26 and Over	5	16	21
Total	5	19	24

EXHIBIT IV-3

PMS CANADIAN CUSTOMERS - PREMIUMS
(\$ millions, Canadian)

COMPANY SIZE (\$ millions, Canadian)	NATIONALITY		
	U.S.	OTHER	TOTAL
Under \$7	0	0	0
\$7-25	0	\$ 42	\$ 42
\$26 and Over	\$468	1,882	2,350
Total	\$468	\$1,924	\$2,392

- Almost one-half of the larger companies and over half of the total premiums (refer back to Exhibits III-1 and III-3 for total company comparisons) use PMS.
- However, it should be pointed out that probably no more than one-half of the premiums in the PMS companies are actually being processed.
 - . Conversion problems and gaps in the PMS product line prevent more processing.
 - . The PMS portion of total Canadian premiums should steadily rise over the coming years, even if the number of PMS customers does not increase.
- It is not likely that the PMS customer base will increase markedly, given the mixed reputation that PMS currently enjoys and the satisfaction which most users have in their present mode of processing (Exhibits III-29 and III-30).

2. SERVICE BUREAU USAGE

- From INSCO Canada's standpoint, the activities in the service bureau are more important.
 - As reported in Chapter III (Exhibit III-29), the key difference between the U.S. and Canada is that there is a rather large body of satisfied users of service bureaus.
 - From INSCO's standpoint there are three problems with the service bureau marketplace:
 - . Size.
 - . Leadership.

- . INSCO's position.
- While the number of service bureau users should not decrease significantly, neither is it poised for any sort of take-off, as found in Chapter III, Section E.
- Equally important, there is a definite market leader, Real Time Data Pro, in service bureaus in Canada.
 - This company probably has about one-half of an estimated \$6 million service bureau market.
 - There are many others who dabble in the market, but have nowhere near a threatening position, as shown in Exhibit IV-4. (INSCO Canada has less than \$0.5 million.)
 - It has an on-line product.
 - It has 30 company customers.
 - It receives excellent references from its users ("We feel they are systems staff") and has a very good reputation generally.
- INSCO, of course, does not have an on-line product and, in the period coinciding with the INPUT survey, was experiencing significant operational problems which were causing customer concerns.
 - These two factors were causing the four prominent INSCO customers interviewed to have doubts about their long-term relationship with INSCO Canada, as shown in Exhibit IV-5.
- . Note: neither the INSCO respondents nor any others were aware that INPUT was conducting the survey for INSCO or any other specific client.

EXHIBIT IV-4

SERVICE BUREAUS
USED BY RESPONDENTS

(NUMBER OF USERS IN PARENTHESES)

CANADA SYSTEMS* (2)
COMMA** (1)
COMPUTEL** (1)
DATACROWN** (1)
IPS (1)
INSTANT DATA** (1)
L&L (1)
MULTITEK (1)
PRICE-WATERHOUSE (1)
REAL TIME DATA CROWN (3)
TCS (1)

*ONE USER IS AN AFFILIATED COMPANY
**COMPANY-SUPPLIED SOFTWARE

EXHIBIT IV-5

INSCO CLIENT PROFILES

FACTORS	ECCLESIASTICAL	ONTARIO MOTORIST	CHATEAU	CANADIAN INTERNATIONAL REINSURANCE BROKERS
Satisfaction	Medium / Low	Medium	Medium / Low	Low
Desired Enhancements	None	PMS-Type	On-Line	On-Line
Change in Source?	Don't Know	Probably Service Bureau	INSCO or Another Service Bureau	Probably Parent Company
Year of Change	N/A	1983	1981	1983
Probability of Change	Medium	High	High	High

- The responses here indicate that even where a change in vendors is contemplated, a service bureau type arrangement is still the preferred option.
- Several points on service bureau use should be taken into account when setting strategy:
 - Use does not appear to be influenced by nationality or company size, as shown in Exhibit IV-6; although, of course, larger companies are more attractive clients.
 - U.S. companies use lower value-added (i.e., batch) services, as shown in Exhibit IV-7.
 - A number of companies are running their own software at a "service bureau": they are essentially buying raw time (in at least one case supplying their own operations staff) and, as indicated in Chapter III, would prefer an in-house operation.
 - Of the randomly selected respondents, approximately 20% are really "pure" service bureau users in the sense that the service bureau adds value by using its own software, as shown in Exhibit IV-8.

B. THE MARKET

- For planning purposes, INPUT has estimated the share of the market held by each of the main sources of data processing:
 - PMS.
 - U.S. parent.

EXHIBIT IV-6

CANADIAN SERVICE BUREAU USE:
COMPANY SIZE

COMPANY SIZE (\$ millions)	NATIONALITY (number of companies)		
	U.S.	OTHER	TOTAL
Under \$7	0	3	3
\$7-25	1	2	3
\$26 and Over	2	3	5
Total	3	8	11

EXHIBIT IV-7

CANADIAN SERVICE BUREAU USE:
PROCESSING TYPE

PROCESSING TYPE	COMPANY NATIONALITY (number of companies)		
	U.S. COMPANIES	NON-U.S. COMPANIES	ALL COMPANIES
Batch	3	2	5
RJE	0	3	3
On-Line	0	3	3

EXHIBIT IV-8

CANADIAN SERVICE BUREAU USE:
SOFTWARE SOURCE

SOFTWARE SOURCE	COMPANY NATIONALITY (number of companies)		
	U.S. COMPANIES	NON-U.S. COMPANIES	ALL COMPANIES
In-House	1	3	4
Vendor	2	5	7

- In-house hardware/software (including affiliated companies).
- Service bureaus.
- Exhibit IV-9 shows the market broken out by premium size.
 - Fifty percent of PMS company premiums were allocated to PMS.
 - The percentages from this survey were applied to U.S. parent and service bureaus.
 - The remainder was allocated to in-house hardware/software.
- Obviously, these figures cannot be used to describe the market in a precise sense, however, they indicate that there is still growth potential in the service bureau sector:
 - The \$6 million in service bureau sales is less than 0.75% of premiums of the companies involved.
 - This indicates that current service bureau accounts are less than half penetrated (if one assumes that smaller companies like these could spend up to 2% of premiums on data processing).
 - This is reasonable on an order of magnitude basis, given the significant amount of statistical batch work still being performed which is a relatively low value-added item.
- INPUT expects the relative positions of different processing alternatives to remain stable, at least in the medium term.
 - This is in contrast to the U.S. market, where a significant fall-off is seen in processing services and a parallel increase in in-house processing and vendor software.

EXHIBIT IV-9

ESTIMATED MARKET SHARE FOR
MAJOR PROCESSING SOURCES IN CANADA
(1979 premiums \$ billions, Canadian)

SOURCE	COMPANY NATIONALITY		
	U.S.	NON-U.S.	TOTAL
PMS	\$0.2	\$1.0	\$1.2 (27%)
U.S. Parent	0.4	N/A	0.4 (10%)
In-House Hardware/Software	0.3	1.6	1.9 (43%)
Service Bureau	0.3	0.6	0.9 (20%)
Total	\$1.2	\$3.2	\$4.4 (100%)

- One reason this increase will not happen in Canada is that vendor software (i.e., PMS) has already made its mark.
- Another reason is that the small size of most companies and, perhaps, a lack of confidence, prevent many companies from bringing work in-house (or even wanting to).
- This is not to say that the market will not change:
 - Automation in general and on-line systems in particular will continue to increase.
 - As a result, batch service bureau products will, at best, plateau (i.e., no additional revenues) and, very likely, decline precipitously (i.e., lose clients).
- L&L (a software firm) and Burroughs (hardware) are now beginning to market a turnkey system on a joint venture basis.
 - It is unlikely that this joint venture will represent much of a threat, given the overall satisfaction with things as they are now.
 - The Burroughs hardware may also make the product more difficult to sell, given the problems with Burroughs generally and customer dissatisfaction with its small computer systems in particular.

C. THE CANADIAN PURCHASING PROCESS

- In Canada, as in the U.S., the preferred type of vendor is the independent specialist or insurance company subsidiary, as shown in Exhibit IV-10.

EXHIBIT IV-10

ATTRACTION OF DIFFERENT VENDOR
TYPES TO CANADIAN COMPANIES

VENDOR TYPE	COMFORT LEVEL
Industry Specialist	3.3
Insurance Company Subsidiary	3.5
Independent Software Company	2.7
Hardware Company	2.5

RATING: 1 = LOW, 3 = MEDIUM, 5 = HIGH

- However, the drop-off is less abrupt to the independent software company and hardware company than in the U.S., as shown in Exhibit IV-11.

- . This is probably due to the greater choice in the U.S. and the greater isolation of many data processing people in Canada: they are happy to get whatever help they can.

- Canadian respondents appeared to have a much less clear idea of the criteria they would apply to selecting a vendor than U.S. respondents.

- U.S. respondents' replies resulted in a fairly wide range which both discriminated between factors and placed them in functionally related groups, as shown in Exhibit IV-12.

- Canadian companies on the average rated all factors of medium to medium-high importance.

- . Cost and reliability were somewhat higher than the others but not appreciably so.

- . No differences were distinguishable between company nationality or size.

- This "bland" response is similar to that given regarding opinions on software sources (as shown in Exhibits III-24, III-25 and III-26), for many of the same reasons.

- . In addition, this response is consistent with preference for the status quo and the few active plans for change.

- . Vendor selection factors simply were not uppermost in the minds of most respondents.

EXHIBIT IV-11

U.S. CUSTOMER PREFERENCE FOR
TYPE OF VENDOR COMPANY

CUSTOMER COMPANY	RATING BY TYPE OF VENDOR COMPANY*			
	INDUSTRY SPECIALIST	INSURANCE COMPANY SUBSIDIARY	INDEPENDENT SOFTWARE COMPANY	HARDWARE COMPANY
MUTUAL				
UNDER \$25 MILLION	2.7	4.0	2.2	2.0
OVER \$25 MILLION	3.3	3.3	2.0	2.0
STOCK				
UNDER \$25 MILLION	2.6	2.6	2.4	1.6
OVER \$25 MILLION	3.4	4.3	1.9	1.3
AVERAGE - ALL COMPANIES	3.0	3.5	2.1	1.7

*1 = LOW, 3 = MEDIUM, 5 = HIGH

EXHIBIT IV-12

IMPORTANCE OF VENDOR SELECTION FACTORS TO U.S. COMPANIES

RANKING OF FACTOR	FACTORS	COMMENTS
HIGH	<ul style="list-style-type: none"> • SYSTEM RELIABILITY • TIME AND EFFORT TO IMPLEMENT • FLEXIBILITY • USER CONTROL • SUPPORT AND TRAINING 	<ul style="list-style-type: none"> • FACTORS ARE IMPORTANT AFTER ACQUISITION • INVOLVE IMPLEMENTATION AND OPERATION
MEDIUM-HIGH	<ul style="list-style-type: none"> • REPUTATION/REFERENCES • COST • SYSTEM FEATURES 	<ul style="list-style-type: none"> • FACTORS ARE IMPORTANT BEFORE ACQUISITION
MEDIUM	<ul style="list-style-type: none"> • RESPONSE TIME • VENDOR SIZE 	<ul style="list-style-type: none"> • RESPONSE TIME IMPORTANT TO THOSE GOING ON-LINE
MEDIUM-LOW	<ul style="list-style-type: none"> • NUMBER OF CURRENT CUSTOMERS • GEOGRAPHIC LOCATION OF VENDOR 	

- . This is in contrast to many of the U.S. respondents, who were actively considering change.
- The decision-making process for non-U.S. companies in Canada, as shown in Exhibit IV-13, is quite similar to that found earlier for companies in the U.S., as shown in Exhibit IV-14; interesting differences are:
 - The DP manager in Canada usually makes the recommendation, rather than a more senior officer.
 - Similarly, a relatively junior person often makes the purchasing decision in Canada.
 - These two points may be caused in some companies by a combination of:
 - . Small-scale decisions.
 - . A lack of importance given to data processing.
- This isolation of senior management from data processing purchasing decisions is even more apparent in U.S. companies in Canada, as shown in Exhibit IV-15.
 - In one-half of the companies, the parent company decides (and, in two companies, even makes the recommendation).

EXHIBIT IV-13

RESPONSIBILITY FOR RECOMMENDING AND DECIDING DATA PROCESSING PURCHASES: NON-U.S. COMPANIES IN CANADA

DECISION-MAKER	COMPANY SIZE (\$ millions)			
	UNDER \$7	\$7-25	\$26 AND OVER	TOTAL
	NUMBER OF COMPANIES			
<u>RECOMMENDS</u>				
• Data Processing Manager	5	3	7	15
• Vice President Over Data Data Processing Manager		4	1	5
• President	1			1
• Committee		1	2	3
<u>DECIDES</u>				
• Same Person	1	1	2	4
• Vice President Over Data Processing Manager		1	2	3
• President	3	2	4	9
• Parent		2		2
• Committee	1	2	2	5

EXHIBIT IV-14

RESPONSIBILITY FOR RECOMMENDING
AND DECIDING DATA PROCESSING
PURCHASES IN U.S. COMPANIES

COMPANY TYPE	RECOMMENDS		DECIDES		
	NUMBER OF COMPANIES				
	DP MANAGER	"VICE PRES" OVER DP MANAGER	PRESIDENT	COMMITTEE	OTHER
MUTUAL	10	3	8	3	2
STOCK	9	7	9	5	3
UNDER \$25 MILLION	10	3	9	3	2
OVER \$25 MILLION	9	7	8	5	3
TOTAL	19	10	17	8	5

EXHIBIT IV-15

RESPONSIBILITY FOR RECOMMENDING AND DECIDING DATA PROCESSING PURCHASES: U.S. COMPANIES IN CANADA

DECISION-MAKER	COMPANY SIZE (\$ millions)			
	UNDER \$7	\$7-25	\$26 AND OVER	TOTAL
	NUMBER OF COMPANIES			
<u>RECOMMENDS</u>				
• Data Processing Manager	3	2	2	7
• Vice President Over Data Processing Manager	1	1	1	3
• Parent	-	1	1	2
<u>DECIDES</u>				
• Same Person	2	-	2	4
• Vice President Over Data Processing Manager	-	1	1	2
• Parent	2	3	1	6

V CANADIAN INSURANCE BROKERS

V CANADIAN INSURANCE BROKERS

- One of the study's objectives was to provide an overview of the broker market for data processing services in Canada.
 - Twelve brokerage firms, covering a range of sizes, were interviewed, as shown in Exhibit V-1.
 - Government agencies and professional bodies were contacted to obtain additional data on market structure, etc.
 - However, no authoritative, quantitative data appear to exist.
 - Based on respondent estimates, INPUT believes that about 10,000 brokers exist in Canada, as shown in Exhibit V-2.
 - Apparently, as small brokerages grow to, say, 50 employees, they are absorbed by one of the "national" firms (Reid, Stenhouse; Tomenson, Saunders; Marsh & McClennen, etc.); there are about 10 firms in the "national" class.
- Automation appears to be high and all of the sample firms used some form of automation.
 - Service bureaus and on-site hardware each accounted for about 40% of the sources, as shown in Exhibit V-3.

EXHIBIT V-1

CANADIAN BROKER SAMPLE

NUMBER OF EMPLOYEES	NUMBER OF RES- PONDENTS
Under 10	5
10-50	5
Over 300	2
Total	12

EXHIBIT V-2

CANADIAN INSURANCE BROKERS

LOCATION	ESTIMATED NUMBER
Ontario	4,000
Quebec	4,000
Other Provinces	2,000
Total	10,000

EXHIBIT V-3

CURRENT AUTOMATION IN
CANADIAN BROKERS

SOURCES	PERCENT OF RESPON- DENTS
Service Bureau	42%
Turnkey	42
Mini	16

- The prevalence of turnkey systems is not surprising, since insurance brokers conform quite well to the turnkey customer profile established in the first study, as shown in Exhibit V-4.
- Most general office functions are automated now, as shown in Exhibit V-5.
 - Respondents expected to be automating much of their insurance functions (rating, policy issuance) by 1983.
- One-third of respondents saw themselves using distributed data processing within three years and over one-half saw it as a major trend.
 - These are both higher figures than for insurance companies (see Exhibits III-16 and III-18).
- Brokers are fairly satisfied with their current sources of automation, as shown in Exhibit V-6.
 - However, two PMS service bureau users are planning to switch because of unhappiness with the service.
- Canadian brokers had definite views, mostly unfavorable, on different automation sources, as shown in Exhibit V-7.
 - Only on-line service bureaus received a favorable majority.
 - Other service bureau options did not receive much enthusiasm.
- However, these data must be interpreted with some care, since for the most part respondents voted against what they themselves did not have, as shown in Exhibits V-8 and V-9.
 - However, unlike the insurance companies, there is some evidence that users of one type of processing would consider another source.

EXHIBIT V-4

PROFILE OF A TURNKEY CUSTOMER

- CUSTOMER CHARACTERISTICS.
 - LITTLE DATA PROCESSING EXPERIENCE, UNSOPHISTICATED.
 - NO ON-SITE DATA PROCESSING.
 - POTENTIAL FOR IMMEDIATE TURNKEY IMPACT.
 - FEW UNIQUE CUSTOMER NEEDS, ACTUAL OR PERCEIVED.
 - LITTLE RESISTANCE TO CHANGING ADMINISTRATIVE SYSTEMS TO CONFORM TO SYSTEM.
 - CUSTOMIZATION BY CUSTOMER OR EASY TO DO BY VENDOR.

EXHIBIT V-5

FUNCTIONS AUTOMATED BY CANADIAN BROKERS, NOW AND 1983

FUNCTION	PERCENT OF RESPONDENTS	
	NOW	1983
Accounting	92%	100%
Agency Management/ Word Processing	75	92
Insurance Functions	0	58

EXHIBIT V-6

CANADIAN BROKERS' SATISFACTION WITH
THEIR AUTOMATION SOURCE

AUTOMATION SOURCE	NUMBER OF USERS	NUMBER SATISFIED			PLAN TO CHANGE SOURCE
		HIGH	MEDIUM	LOW	
Service Bureau	5	3	1	1	3
Turnkey/Mini	7	4	2	1	1
Total	12	7	3	2	4

EXHIBIT V-7

CANADIAN BROKERS' ATTITUDES TOWARD AUTOMATION SOURCES

SOURCE	ATTITUDE (percent)	
	FAVORABLE	UN- FAVORABLE
● Remote Computer Service		
- Mail-In	17%	75%
- RJE	8	92
- On-Line	58	42
● Turnkey	28	58
● Vendor Software	25	50
● In-House Hardware	33	58

EXHIBIT V-8

CANADIAN BROKERS' ATTITUDES
TOWARD AUTOMATION SOURCES:
SERVICE BUREAU USERS

SOURCE OF AUTOMATION	ATTITUDES	
	NUMBER FAVORABLE	NUMBER UN-FAVORABLE
<ul style="list-style-type: none"> ● Remote Computer Service <ul style="list-style-type: none"> - Mail-In - RJE - On-Line ● Turnkey ● Vendor Software ● In-House Hardware 		
	2	2
	1	4
	3	2
	1	3
	1	2
	1	3
Total	9	16

NUMBER OF RESPONDENTS = 5

EXHIBIT V-9

CANADIAN BROKERS' ATTITUDES TOWARD AUTOMATION SOURCES: MINI/TURNKEY USERS

SOURCE OF AUTOMATION	ATTITUDES	
	NUMBER FAVORABLE	NUMBER UN- FAVORABLE
<ul style="list-style-type: none"> ● Remote Computer Service <ul style="list-style-type: none"> - Mail-In - RJE - On-Line ● Turnkey ● Vendor Software ● In-House Hardware 		
	0	7
	0	7
	4	3
	2	4
	2	4
	3	4
Total	11	29

NUMBER OF RESPONDENTS = 7

- It is probably significant that even a majority of on-site hardware users viewed an on-line service bureau product favorably.
- Brokers had a somewhat wider range of opinions on purchasing criteria than insurance companies, as shown in Exhibit V-10.
 - The relatively low ranking of system flexibility and user control is consistent with a turnkey environment.
 - Hence, turnkey systems will always be a strong competitor to service bureau products.
- Exhibit V-11 is an estimate by INPUT of the size of the market for broker computer services.
 - The figures for annual data processing expense per firm came from the survey and previous U.S. studies and are at least in the ballpark.
 - The key estimate is the number of brokerages in the "medium" and "small" class.
 - In this model "medium" firms account for half of the potential market.
 - Very small and very large firms are both only marginally potential users.
- Real Time Data Pro is also strongly established in this market with 100 customers.
 - Hardware manufacturers and systems integrators (both largely U.S.) will be a constant threat, as they seek to sell software originally built for the U.S. market.

EXHIBIT V-10

CANADIAN BROKERS' PURCHASING CRITERIA

DEGREE OF IMPORTANCE	CRITERIA
Medium/High	<ul style="list-style-type: none"> • Vendor Reputation • Cost • Reliability • Features • Response Time
Medium	<ul style="list-style-type: none"> • Vendor Size • Implementation Time • Number of Customers • Support • System Flexibility • User Control
Medium/Low	<ul style="list-style-type: none"> • Vendor Location

EXHIBIT V-11

CANADIAN BROKERS' MARKET FOR
DATA PROCESSING SERVICES (ESTIMATE)

TYPE OF FIRM	AVERAGE SIZE (Employees)	NUMBER OF FIRMS	ANNUAL DATA PROCESSING EXPENSE	MARKET SIZE (\$ millions)
National	-	10	\$150,000	\$ 1.5
Medium	25	500*	20,000	10.0
Small	10	1,000*	5,000	5.0
Very Small	3	3,000	500	1.5
Total	-	-	-	\$18.0

*KEY ESTIMATE

VI FINDINGS AND RECOMMENDATIONS

VI FINDINGS AND RECOMMENDATIONS

A. INSCO CANADA POSITION

- The insurance company sector will increasingly require on-line services.
 - INSCO Canada's current batch product will become less acceptable and defections will increase in the medium term.
- These problems are exacerbated by recent INSCO Canada hardware conversion difficulties that have caused service levels to decline markedly.
 - INSCO Canada customers' long-term propensity to upgrade their service will be strengthened by these short-term problems.
- Consequently, INSCO Canada must take rapid action to upgrade its offering in order to preserve its position in the marketplace.

B. IMMEDIATE ALTERNATIVES

- There are five immediate alternatives open to INSCO.
 - These are listed and discussed below.

1. UPGRADE PRESENT PRODUCT

- INSCO Canada could develop an upgraded version of its present production by offering RJE updating and on-line inquiry.
 - This has been proposed by INSCO Canada management.
 - It would be an interim step.
 - Its primary goal would be to preserve market share.
 - It might also permit a modest expansion in sales.
 - INPUT did not assess the cost-effectiveness of the plan since it was not within the scope of the study to review such developmental efforts.
 - However, such a system change appears to be technically feasible.

2. ACQUIRE A PRODUCT

- The only feasible product to acquire would be Real Time Data Pro.
- This would be a major step that would have significant implications on the evolving INSCO-U.S. product strategy.

3. OFFER A PMS-BASED PROCESSING SERVICE

- Using PMS software as the basis for a processing service would probably be technically feasible.
- However, this would have a negative impact on INSCO-U.S. plans to market PMS-competitive software.

- INSCO-U.S. will have enough problems dealing with the Continental companies that have chosen to use PMS software for their internal operations.

4. OFFER BROKER SERVICES

- Market size estimates indicate that the broker market is reasonably attractive.
- However, the market is almost saturated at this time.
- Current remote processing services seem to be satisfactory.
- Minicomputer systems are also well entrenched and will undoubtedly become more cost-effective and more competitive.

5. OFFER OTHER TYPES OF SERVICES

- INSCO Canada does not have any particular expertise outside of insurance to make any other line of business an obvious opportunity.
- Canada has a number of large and small remote computing services which offer a wide range of services.

C. RECOMMENDATIONS

- INPUT offers the following recommendations based upon this and other studies for INSCO.

I. INSCO CANADA AND THE INSURANCE COMPANY MARKET

- INSCO Canada should keep its present position (or improve it) in the insurance company market.
 - This is important for the same reason as for INSCO in the U.S.:
 - To serve as a springboard for introducing the new INSCO software.
 - In addition, in the case of Canada, there is probably more of a long-term market for processing services, so growth here is, on its own terms, desirable.
 - The new INSCO software can provide the basis for an enhanced INSCO Canada processing service.
- Using PMS software to provide an interim processing product would probably not be cost-effective and would certainly be against the longer term interests of INSCO in both the U.S. and Canada.
- Acquiring Real Time Data Pro - assuming that this were possible - would be a significant undertaking.
 - It would be a management and financial burden of sufficient magnitude to compete with the plans for developing and marketing the new INSCO software.
 - The question could be reconsidered when the new software is available.
 - It would then become a question of buying the customer base.

- The political implications of a U.S.-controlled company buying up the major Canadian company in the field would also have to be faced now or in the future.

- . The potential problems this could create, compared to the potential benefits, will always make this a questionable strategy.

- This leaves the enhancement of the present service as the only realistic short-term step that can be taken.

- INPUT recommends that this be done if the time and cost involved are reasonable.
 - This will protect close to \$500,000 (Canadian) in annual revenues and will maintain INSCO's position in Canada.

2. THE INSURANCE BROKER MARKET

- The medium-sized insurance broker market should be pursued, if this can be done at a low development cost, but there is not enough opportunity to justify a large investment because:

- Real Time Data Pro has established a strong position.
 - A current vendor will have to be displaced in each account.
 - As successful medium-sized brokers (and their DP businesses) grow, they will be absorbed by one of the national brokers, and the account will almost certainly be lost as the acquirer's system is installed.

3. INSURANCE SERVICES OUTSIDE OF PROPERTY/CASUALTY

- Given the relatively small size of the overall property/casualty market and the composite nature of many Canadian insurance companies, it would make sense

for INSCO Canada to explore means of serving life, accident, and reinsurance needs.

- However, given limited resources and the need to service the property/casualty business this is an issue that cannot be addressed for several years.

4. OTHER COMPUTER SERVICE MARKETS

- INPUT does not recommend that INSCO Canada attempt to go outside of the insurance area unless these requirements are met:
 - A sizable unmet need is identified.
 - The service is one that fits INSCO's strategy.
 - The necessary skills and product(s) can be acquired without disproportionate expense or effort.
- None of these preconditions now exists.

APPENDIX A: QUESTIONNAIRES

CANADIAN PROPERTY/CASUALTY INSURANCE COMPANY QUESTIONNAIRE

- I. Please describe the lines of insurance and functions in your company that are now automated. For each function, what is the source** of the automation and your level of satisfaction?

FUNCTION	TYPE OF AUTOMATION*	SOURCE**	SATIS-FACTION***	COMMENTS

* Batch, remote job entry (RJE), on-line interactive.

** In-house development (at interviewed site), affiliated company, remote processing service vendor, vendor software.

*** 10 = High, 6 = Medium, 2 = Low

INPUT

- 2a. In broad terms, what are you looking for data processing to accomplish for your company that it isn't doing now?

When and how do you see this being accomplished?

- 2b. Do you plan further automation in the next two years (new lines or functions and/or enhancements to currently automated functions)? What will be the source** of the software?

FUNCTION	TYPE OF AUTOMATION*	SOURCE**	REASON

* Batch, (RJE), on-line interactive.

**In-house development, affiliated firm, RCS vendor, vendor software.

3. What lines or functions will not be automated in the next two years? Why not?

FUNCTION	REASON

4. How many computers and terminals do you have now and how many do you expect to have by the end of 1983?

What is the reason for the change?

What kind of system software are you using now and are changes planned by the end of 1983? Why?

	1981	1983	REASON FOR CHANGE
Computer Systems:			
Manufacturer			
Model #			
No. of Units			
Terminals			
Manufacturer			
Model #			
No. of Units			
No. of Locations			
System Software			
Operating Systems			
Telecommunications Monitors			
Data Base Mgt. Sys.			

5a. How many programmers and analysts do you currently employ?

5b. How difficult have you found it to recruit and retain programmers and analysts?
(10 = Not difficult, 6 = Moderately difficult, 2 = Very difficult)

Why?

5c. What is your company now spending on data processing, broken out by personnel, hardware, and outside processing and software? What sort of changes do you see by 1983? (ignoring inflation) Why?

	1981	1983	REASON FOR CHANGE
In-House Personnel			
In-House Hardware			
Outside Processing			
Vendor Software			
Other			
TOTAL			

6a. How do you now communicate with brokers and agents? Describe.

- What percentage is via teleprocessing?

6b. Do you expect the teleprocessing percentage to increase significantly in the next three years? Why? If yes, how much?

7a. Approximately how much of your software has your company developed in-house? _____%

- Why?
- What language (or languages) are used?
- What do you like best about in-house developed software?
- What do you like least?

- 7b. How would you rate in-house developed software in the following areas:
(2 = Low, 6 = Medium, 10 = High) and why?

	RATING	REASON
Speed of Implementation		
Ease of Implementation		
Meeting User Requirements		
Reliability		
Effort Needed to Convert Prior Systems		
Ease of Maintenance		
Ability to Make Changes Easily		
Ability to Make Changes Quickly		
Amount of Support Needed		
Cost		

- 7c. How difficult have you found it to develop and maintain in-house software that is technically advanced? (5 = Very difficult, 3 = Moderately difficult, 1 = Not difficult)

- Specifically what has your experience been with:

_____ On-line, interactive systems.
Why?

_____ Applications tied into a data base management system.
Why?

8a. Do you now use an outside processing service?

() YES () NO

● If yes:

- Who and for how long?
- How much does it cost?

● If no:

- Have you considered using a processing service?
- Why?

● How well are you acquainted with outside processing services? Where did you get the knowledge?

SERVICE NAME	LEVEL OF KNOWLEDGE	SOURCE OF KNOWLEDGE

- What do you like best about outside services?
- What do you like least?

8b. How would you rate outside services generally in the following areas (2 = Low, 6 = Medium, 10 = High) and why?

	RATING	REASON
Speed of Implementation		
Ease of Implementation		
Meeting User Requirements		
Reliability		
Effort Needed to Convert Prior Systems		
Ease of Maintenance		
Ability to Make Changes Easily		
Ability to Make Changes Quickly		
Amount of Support Needed		
Cost		

8c. Will you be more inclined to use outside services instead of in-house processing in the future?

- Why?

9a. Do you now use insurance software obtained from a vendor or another third party source?

() YES () NO

● If yes:

- Who?

- Approximately what portion of your software comes from this source?

● If no:

- Have you considered using outside software?

- Why?

● How well are you acquainted with insurance software offered by particular vendors? Where did you get the knowledge?

PACKAGE NAME	LEVEL OF KNOWLEDGE	SOURCE OF KNOWLEDGE

- What do you like best about vendor software?
- What do you like least?

9b. How would you rate vendor software generally in the following areas (2 = Low, 6 = Medium, 10 = High) and why?

	RATING	REASON
Speed of Implementation		
Ease of Implementation		
Meeting User Requirements		
Reliability		
Effort Needed to Convert Prior Systems		
Ease of Maintenance		
Ability to Make Changes Easily		
Ability to Make Changes Quickly		
Amount of Support Needed		
Cost		

9c. Will you be more inclined to use vendor-supplied software instead of in-house developed software in the future?

- Why?

10a. If your company were to select an outside vendor to provide a data processing service, please indicate the extent to which each of the following factors would be of high, medium or low importance in reaching the decision?

<u>FACTOR</u>	<u>IMPORTANCE OF FACTOR</u>				
	<u>HIGH</u>		<u>MEDIUM</u>		<u>LOW</u>
	10	8	6	4	2
Geographic location of the vendor	_____	_____	_____	_____	_____
Vendor size, financial resources	_____	_____	_____	_____	_____
General reputation of vendor	_____	_____	_____	_____	_____
References from current customers	_____	_____	_____	_____	_____
Number of current customers	_____	_____	_____	_____	_____
Time and effort required to implement	_____	_____	_____	_____	_____
Amount of support/training offered	_____	_____	_____	_____	_____
Cost*	_____	_____	_____	_____	_____
System reliability (errors, downtime)	_____	_____	_____	_____	_____
System features offered	_____	_____	_____	_____	_____
Flexibility (tailoring to your needs)	_____	_____	_____	_____	_____
Extent of user control possible	_____	_____	_____	_____	_____
Transaction turnaround time	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____

*Acceptable price range per policy (or other standard) = \$_____

10b. Who makes the final decision in your company on whether to purchase outside DP services or products?

10c. Who makes the recommendation on which the decision is based?

11. What type of insurance DP vendor in the list below would you feel comfortable in doing business with?
(10 = Very comfortable, 6 = Comfortable, 2 = Uncomfortable)

<u>VENDOR TYPE</u>	<u>COMFORT LEVEL</u>	<u>COMMENT*</u>
An independent specialist firm	—	—
A data processing subsidiary of a property/casualty company	—	—
An independent DP services firm that mainly offered non-insurance services	—	—
A computer hardware company	—	—

*Would it make any difference if they were offering software only, a turnkey system, or providing vendor-site processing?

12. Currently, what are the most significant problems in the property/casualty insurance industry and what can data processing do to alleviate them?

13. What trends do you see occurring in insurance data processing over the next five years?
 - How do you see these trends affecting your company?

CANADIAN PROPERTY/CASUALTY INSURANCE VENDOR QUESTIONNAIRE

1. Currently what are the most significant problems in the Canadian property/-casualty insurance industry and, in your opinion, what can data processing do to alleviate them?
2. What general trends do you see in the next three to five years in property/-casualty insurance data processing in Canada?
3. Do you see property/casualty companies using vendor processing and vendor-supplied software more in the future (compared to in-house development)?
 - Why?
 - How large do you think the market for computer services and vendor software is now (either in terms of dollars or percent of companies)?
 - Five years from now?

4. What do you believe are the chief motivating factors behind a property/-casualty company using an outside vendor for data processing services or software? Rate each factor from: High (10), Medium (6), Low (2)

IMPORTANCE OF FACTOR

	<u>HIGH</u>		<u>MEDIUM</u>		<u>LOW</u>
	10	8	6	4	2
Geographic location of the vendor	_____	_____	_____	_____	_____
Vendor size, financial resources	_____	_____	_____	_____	_____
General reputation of vendor	_____	_____	_____	_____	_____
References from current customers	_____	_____	_____	_____	_____
Number of current customer	_____	_____	_____	_____	_____
Time and effort required to implement	_____	_____	_____	_____	_____
Amount of support/training offered	_____	_____	_____	_____	_____
Cost	_____	_____	_____	_____	_____
System reliability (errors, downtime)	_____	_____	_____	_____	_____
System features offered	_____	_____	_____	_____	_____
Flexibility (tailoring to needs)	_____	_____	_____	_____	_____
Extent of user control possible	_____	_____	_____	_____	_____
Transaction turnaround time	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____

5. Where do you see the most development activity occurring in the next 3-5 years in terms of companies' upgrading their DP capabilities?

- By line of insurance (e.g., homeowners, special multi-peril, etc.)?

- By function (rate calculations, forms generation, storing data for review, etc.)?

- What is your firm planning to do?

6. What other vendors do you see as being significant factors in the field?

- Why?

- Size?

7. I would like to get some more information about your company.

- Year established _____
- Number of clients by product:

PRODUCT

NUMBER OF CLIENTS

- Sales in the most recent year.

\$_____million

- Number of employees _____

- Do you write and maintain your own software?

YES () NO ()

- Could you send me material about your company and product brochures.

THANK YOU

CANADIAN INSURANCE BROKERS QUESTIONNAIRES

1. Do you use computer automation for any of your agency's operations or plan to in the next three years?

() YES () NO

- If yes, continue interview.
- If no, find out why not and thank them for the interview. (END)

2. What applications/functions are either currently automated or are planned to be automated in the next three years?

<u>APPLICATION</u>	<u>APPLICATION FUNCTION</u>	<u>CURRENTLY AUTOMATED</u>	<u>PLAN TO AUTOMATE/ UPGRADE</u>
Agency Accounting	Statement Preparation	()	()
	Accounts Receivable	()	()
	Accounts Payable	()	()
	General Ledger	()	()
	Payroll	()	()
	Personnel	()	()
Agency Management	Sales Analysis	()	()
	Claims Processing	()	()
	Marketing	()	()
	Word Processing	()	()
Specialized Functions	Rating	()	()
	Policy Issuance	()	()

<u>APPLICATION</u>	<u>APPLICATION FUNCTION</u>	<u>CURRENTLY AUTOMATED</u>	<u>PLAN TO AUTOMATE/ UPGRADE</u>
Investment Management	Estate Planning	()	()
	Premium Financing	()	()
	Risk Management	()	()
	Portfolio Analysis	()	()
	Investment Accounting	()	()
Real Estate Mgt.	Property Management	()	()
	Mortgage Loan Servicing	()	()
Group Insurance	Insurance Quotation	()	()
	Pension Plan Management	()	()
	Employee Benefits Accounting	()	()
Other	_____	()	()

3. What is the current source of automation (in-house or vendor)?

<u>SOURCE</u>		<u>SERVICE TYPE</u>		
<u>SELF/VENDOR NAME</u>	<u>REMOTE COMPUTER SERVICES</u>	<u>MINI- COMPUTER</u>	<u>SOFTWARE</u>	<u>PROFES- SIONAL SERVICE</u>
_____	()	()	()	()
_____	()	()	()	()
_____	()	()	()	()

4. What is your overall level of satisfaction with current automation? (High, Medium, Low)

• Why?

5. How did you acquire your present system?

- Sales presentation by vendor.
- Recommendation by another agent.
- Recommendation by a professional group.
- Demonstrated at a convention trade show.
- Other. (Explain)

6. What kind of hardware do you have on-site?

7. In broad terms, what are you looking for data processing to accomplish for your company that it isn't doing now?

- When and how do you see this being accomplished?

8. If further automation is planned in the next three years:

- Why are you automating further?
- Are you planning a change in the type of service you will be using (e.g., mail-batch, remote batch terminal, interactive, in-house computer)?
 - Which type?

- If a change is planned?
 - What is the name of the vendor?
 - Why are you making the change?
9. How much are you now spending on automation?
- How much do you expect to be spending in three years (ignoring inflation)?
 - Why?
10. What is your general attitude toward these alternatives for supplying automation?
(Find out why.)
- Remote processing service.
 - Mail.
 - Remote job entry terminal (typically, data is transmitted once a day)
 - On-line interactive system.

- Turnkey system (a vendor supplies an integrated hardware/software package).
- Vendor software (which you put on your own machine).
- In-house written software (or custom software which you contract for).

11. How do you now communicate with insurance companies? Describe.

- What percentage is via teleprocessing?
- Do you expect the teleprocessing percentage to increase significantly in the next three years? Why? If yes, about how much?

12. What is your attitude toward using distributed processing, i.e., where your own computer, used for your accounting and management functions, can be automatically tied into a data network so that you can communicate with one or more insurance companies?

- Do you have any plans for doing this yourself? Describe.

13a. If your company were to select an outside vendor to provide a data processing service, please indicate the extent to which each of the following factors would be of high, medium or low importance in reaching the decision?

<u>FACTOR</u>	<u>IMPORTANCE OF FACTOR</u>				
	<u>HIGH</u>		<u>MEDIUM</u>		<u>LOW</u>
	10	8	6	4	2
Geographic location of the vendor	_____	_____	_____	_____	_____
Vendor size, financial resources	_____	_____	_____	_____	_____
General reputation of vendor	_____	_____	_____	_____	_____
References from current customers	_____	_____	_____	_____	_____
Number of current customers	_____	_____	_____	_____	_____
Time and effort required to implement	_____	_____	_____	_____	_____
Amount of support/training offered	_____	_____	_____	_____	_____
Cost*	_____	_____	_____	_____	_____
System reliability (errors, downtime)	_____	_____	_____	_____	_____
System features offered	_____	_____	_____	_____	_____
Flexibility (tailoring to your needs)	_____	_____	_____	_____	_____
Extent of user control possible	_____	_____	_____	_____	_____
Transaction turnaround time	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____

*Acceptable price range per policy (or other standard) = \$ _____

14b. Who makes the final decision in your company on whether to purchase outside DP services or products?

14c. Who makes the recommendation on which the decision is based?

10. What type of insurance DP vendor in the list below would you feel comfortable doing business with?
(10 = Very comfortable, 6 = Comfortable, 2 = Uncomfortable)

<u>VENDOR TYPE</u>	<u>COMFORT LEVEL</u>	<u>COMMENT*</u>
An independent specialist firm	_____	_____
A data processing subsidiary of a property/casualty company	_____	_____
An independent DP services firm that mainly offered non-insurance services	_____	_____
A computer hardware company	_____	_____

*Would it make any difference if they were offering software only, a turnkey system, or providing vendor-site processing?

16. How many employees are in your firm?

Agents/brokers _____

Support personnel _____

17. How many locations do you have?

18. How large is your business in terms of number of policies and annual premium volume? What is your expected annual growth in the next three years (either dollars or percents)?

	<u>POLICIES</u>	<u>PREMIUMS</u>	<u>GROWTH</u>
Personal	_____	_____	_____
Commercial	_____	_____	_____
Other	_____	_____	_____
TOTAL	_____	_____	_____

19. How many insurance companies are you an agent for? With how many of these do you do a significant amount of business?

	<u>COMPANIES</u>	
	<u>TOTAL</u>	<u>SIGNIFICANT</u>
Personal	_____	_____
Commercial	_____	_____

20. Currently, what are the most significant problems in the property/casualty insurance industry and what can data processing do to alleviate them?

21. What trends do you see occurring in insurance data processing over the next five years?

- How do you see these trends affecting your company?

APPENDIX B: CANADIAN COMPANIES INTERVIEWED

APPENDIX B: CANADIAN COMPANIES INTERVIEWED

A. BROKERS INTERVIEWED

- Action Insurance.
- Colonia.
- CSS Insurance Agency.
- *Dale & Co.
- Guthrie Agency.
- Rod Henry Agency.
- O.K. Johnson.
- *Lukis, Stewart.
- McDermaids.
- McDonald, Dowler, King.

*On-site interviews

- Oxford Insurance Agency.
- Reith & Beavis.

B. COMPANIES INTERVIEWED

- *American Bankers.
- *American International.
- Arkwright - Boston.
- Avco Financial Services.
- *Belair Insurance.
- Canadian General.
- Canadian International.
- Canadian Reinsurance.
- Chateau.
- *Chubb & Co.
- *Citadel.
- *Constellation.
- Continental.

*On-site interviews

- Cumis.
- DML Underwriters (Albion).
- *Eaton-Bay.
- Ecclesiastical.
- *Excelsior (Aetna).
- Fidelity.
- General Accident.
- *Gerling Global.
- Gore Mutual.
- Grain Insurance & Guarantee.
- *Guarantee of North America.
- INA.
- Liberty Mutual.
- March Management (Security National of Hartford).
- Ontario Motorist.
- Phoenix Assurance.
- Pitts.

*On-site interviews

- Pool.
- Protection Mutual.
- Provincial Services Agency.
- Reliance.
- Safeco.
- Switzerland General.

C. VENDORS INTERVIEWED

- ISA "Canada" (Detroit).
- L&L.
- PMS Canada.
- Real Time Data Pro.

